



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



OCTOBER 26, 1999

Severity Of Farm Crisis Realized In America's Heartland. Following three consecutive years of low grain prices, in addition to disease and other weather-related hardships, many farmers in the Midwest and Plains States are doing everything they can to maintain the family farm. Farmers are cutting expenses in the purchase of seed, fertilizer, chemicals, and fuel. This, however, also reduces yields. In addition, an increasing number of farmers and their spouses are finding it necessary to seek off-farm income. Some in Kansas, for example, are taking advantage of the Work Opportunities for Rural Kansas program, or WORKS, which is providing job placement, training, and supportive services for "financially stressed" Kansas farmers and ranchers. "When farming is all you have ever known and all you know how to do and it's gone, what are you going to do?" asked Susan Abrams, a southeastern Kansas livestock producer. Through WORKS, Abrams recently acquired a nonfarming job to help maintain the family farm she operates with her husband. Contributing to the *Grand Forks Herald*, farmer Dean Carlson notes that diversification is another option. The 1996 Freedom to Farm legislation made this a possibility, while attempting to reduce the dependence of farmers on Government programs. Theoretically, Carlson and other farmers accept this option as making "good agronomic sense." However, in reality, he adds, every commodity that can currently be raised shows no profit potential. Carlson also mentions that investment in a "value added" company, such as a cooperative, is currently being touted as a viable option. Although this would avoid the so-called middle man, many farmers do not have the extra capital to invest and could not afford the risk of financial loss in the event of possible company failure. Late last week, Senator Tom Daschle (D-SD) emphasized the need to the rewrite agriculture policy as the U.S. is faced with the possibility of another emergency funding bill next year. "The only reason there would be an economic disaster is because the current farm policy isn't working," Daschle stated. He added that an improvement in trade opportunities and a reduction in the trend toward corporate agribusiness concentration would also help agriculture. Finally, frustrated and feeling hopeless, a member of a northwestern Minnesota farm family stated, "The people who make the rules and regulations don't know what it feels like out on the farm. Farmers want to stay on the land..." Many Minnesota farms, as well as others nationwide, have been in the family for generations. However, experts predict that roughly 6,000 of those farms in Minnesota will cease operations in the coming year. (*The Wichita Eagle 10/24, AP 10/22, Bridge News 10/24*)

Sanctions Reform. The U.S. House of Representatives is expected to approve a bill which would increase agricultural trade, essentially exempting food and medicine from all current U.S. trade sanctions. Originally, a part of the USDA 2000 farm spending bill, the provision to exempt food and medicine, was reportedly killed by the House Republican leadership because it would have meant an easing of sanctions on Cuba. Although there remains some opposition in the House regarding trade with Cuba, there is also generally wide bipartisan support for the bill, according Rep. Earl Pomeroy (D-ND), a member of the House Agriculture Committee. The change in U.S. trade policy would potentially increase exports by \$1.2 billion. (*Bridge News 10/20*)

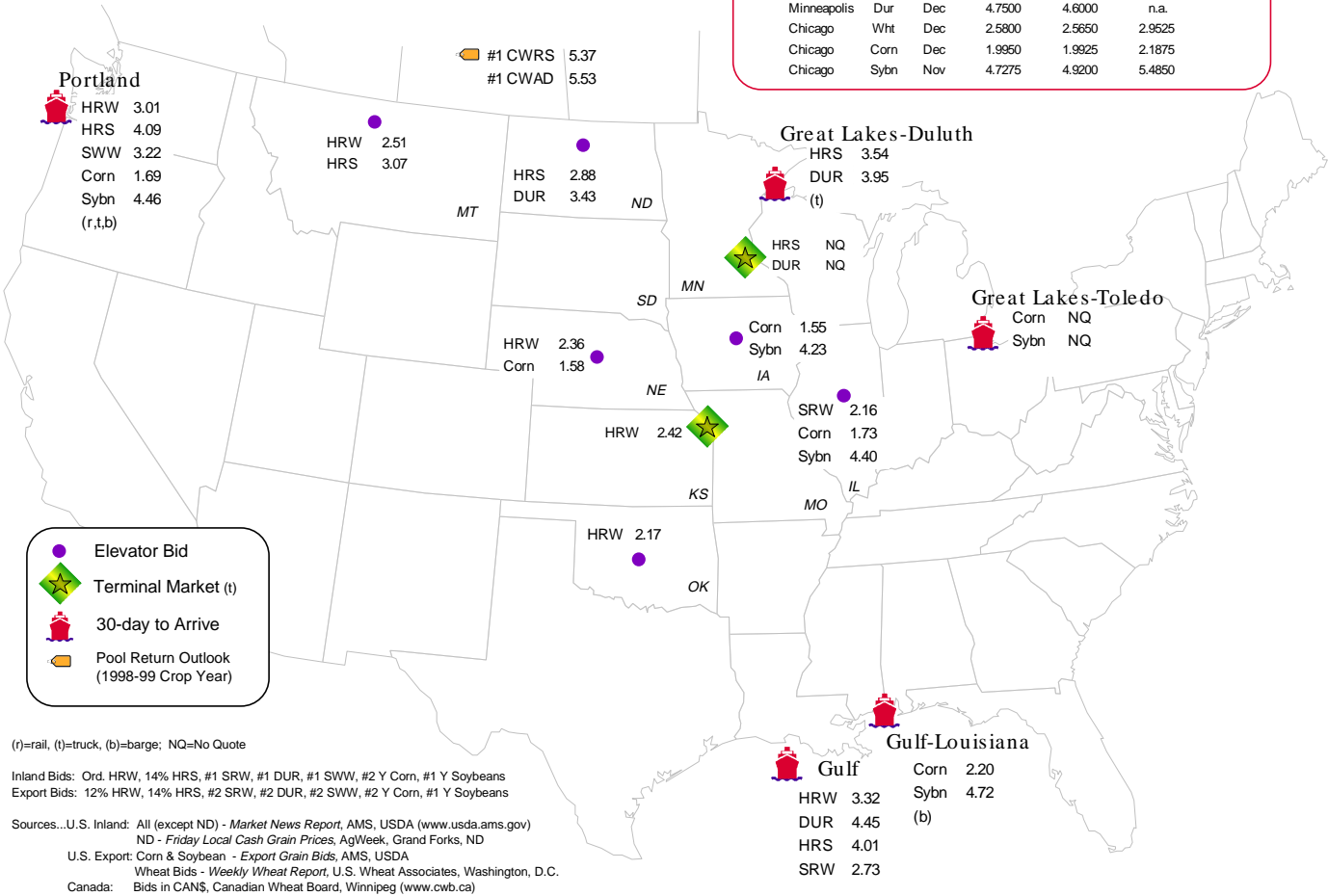
China Noncommittal With U.S. Concerning WTO Trade Negotiations. The U.S. and China hope to reach a solid deal before the World Trade Organization (WTO) meeting in Seattle on November 29. China's efforts to join the WTO have been delayed since the two countries were unable to reach a mutual agreement regarding trade issues. U.S. officials feel uncertainty still exists, saying that China has not been displaying a sincere interest in closing the WTO deal. U.S. Treasury Secretary, Lawrence Summers, spoke of a recent meeting with Chinese Premier Zhu Rongji as warm and candid. However, his view of Mr. Zhu's position differed from that of another U.S. official, who regarded the Chinese official as cautious toward the WTO deal. The report indicates that even though his economic forecasts for China fail to succeed, Mr. Zhu has still attempted to convince China to accept the deal. To show that he is acting in the best interest of China, Mr. Zhu continues to concentrate his efforts on domestic issues. In the meantime, the U.S. has begun to speak with Chinese President Jiang Zemin. However, an October 16 telephone conversation between him and President Clinton, attempting to close the deal, was unsuccessful. U.S. officials feel Mr. Jiang will be more responsive after he returns from a trip in early November. (*Wall Street Journal 10/25*)

Japan Plans Rules For GMO. Japan's Agriculture Ministry plans to eventually require farmers, food processors and food retailers to certify that no genetically modified organisms (GMO) were mixed with unmodified foods during production or distribution. The ministry will outline, possibly during the next several weeks, the specific regulations for GMO-free products as well as punitive steps for those not in compliance. It plans to implement the rules starting in April 2001. (*AP 10/23*)

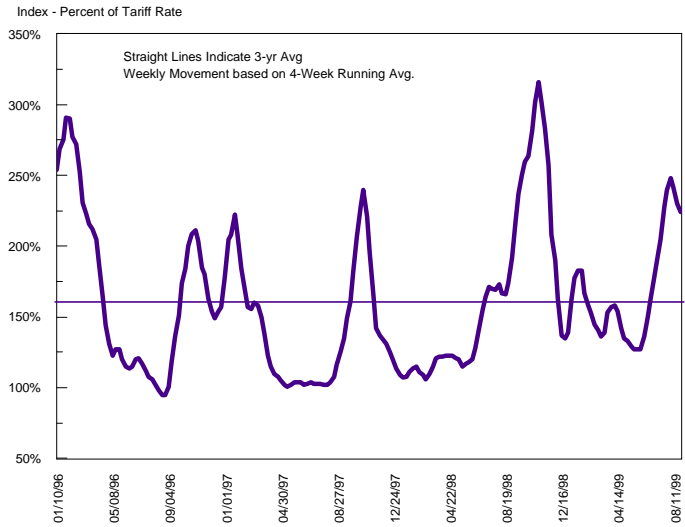
Report is prepared by Karl Hacker and Chambre' Malone, Transportation & Marketing, Agricultural Marketing Service, USDA (202) 690-1304. Report design by Kimberly Vachal, Upper Great Plains Transportation Institute, North Dakota State University. You can retrieve this document from our Automatic Fax System by using the handset on your fax machine and dialing (202) 690-1707. This report can be found on the Internet at www.ams.usda.gov/tmd/grain.htm. E-mail comments to GTR@usda.gov.

The United States Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation and marital or family status. (Not all prohibited bases apply to all programs). Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact the USDA's TARGET Center at (202)720-2600. To file a complaint, write USDA, Director of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC, 20250-9419, or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

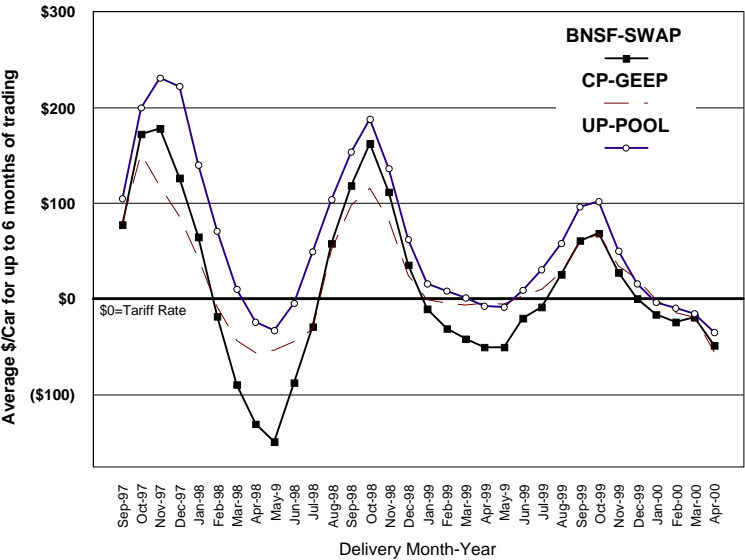
Grain Bid Summary



Spot Barge Rate - Illinois River



Secondary Rail Market Bids



Rail Car 'Auction' Offerings				
Delivery for:	Nov-99		Jan-00	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	12,175	79%	12,175	0%
UP-GCAS	5,400	56%	5,400	0%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Nov-99	Dec-99	Jan-00	Feb-00
BNSF-GF	\$(99)	\$(60)	\$(41)	\$(21)
CP-GEEP	\$(51)	\$(70)	\$(70)	\$(70)
UP-Pool	\$(126)	\$(44)	\$(27)	\$(27)

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Nov-99	Dec-99	Jan-00
COT/N. Grain	no bid	no bid	no bid
COT/S. Grain	no bid	no bid	no bid
GCAS/Region 2	no bid	no bid	no bid
GCAS/Region 4	no bid	no bid	no bid

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com,
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values**

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate*
10/22/99	Mid Miss	nwk	220
		nwk	225
	Illinois River	twk	250
	Ohio River	twk	200
	St. Louis	nwk	220
		CP 10/25	240
		on station	250

Southbound Barge Freight Spot Rates

	10/20/99	10/13/99	Nov. '99	Jan. '00
Twin Cities	340	335	273	nq
Mid-Mississippi	269	286	188	nq
Illinois River	260	270	175	175
St. Louis	264	256	153	117
Lower Ohio	223	238	156	127
Cairo-Memphis	220	247	147	112

Source: Transportation & Marketing /AMS/USDA

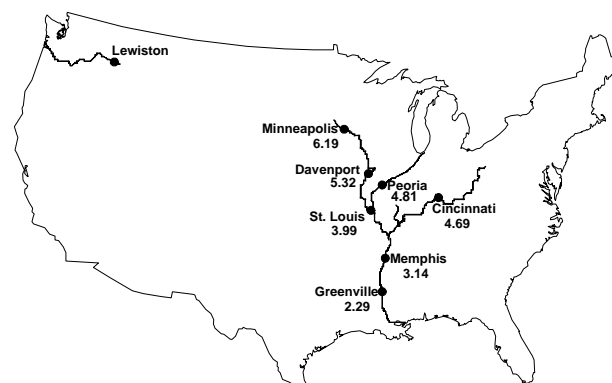
Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

twk=this week

nwk=next week

CP(constructive placement)=barge is placed at specific time and date for customers account; free time begins at placement.

on station=boat located at a point on the river (immed. available)

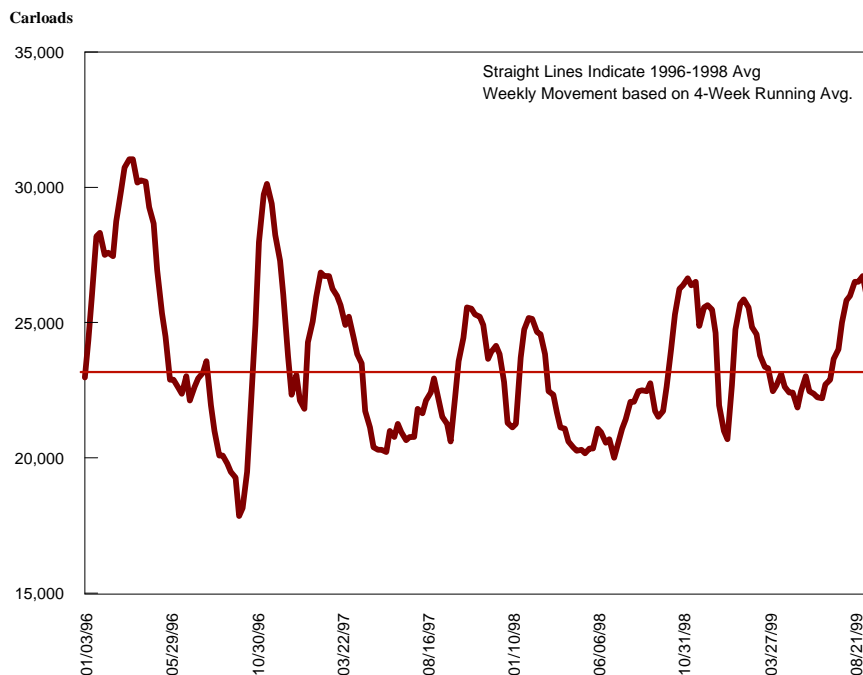
**Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'**

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
10/2/99	26,889
10/9/99	28,556
10/16/99	29,246
Year to Date - 1999	1,001,771
Year to Date - 1998**	913,934
Total 1998**	1,183,860
Total 1997*	1,199,995
Source: Association of American Railroads	

**1998 - 52 weeks

* 1997 - 53 weeks



Class I Rail Carrier Grain Car Bulletin

Carloads

		<u>East</u>				<u>West</u>		<u>Canada</u>	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
10/16/99	0	3,525	1,983	2,836	11,037	359	9,506	2,667	5,135
This Week Last Year	1,024	3,484	1,649	3,372	9,319	959	6,959	2,194	4,503
1999 YTD	15,522	100,214	70,376	107,842	362,967	27,100	318,750	89,705	162,029
1998 YTD*	29,242	95,311	62,237	101,974	333,397	27,233	264,540	90,165	170,513
1997 Total**	29,834	118,581	80,255	124,834	428,243	34,690	378,888	171,428	272,156
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387

Source: Association of American Railroads

**1998 - 52 weeks

* 1997 - 53 weeks

Tariff Rail Rates for Unit Train Shipments

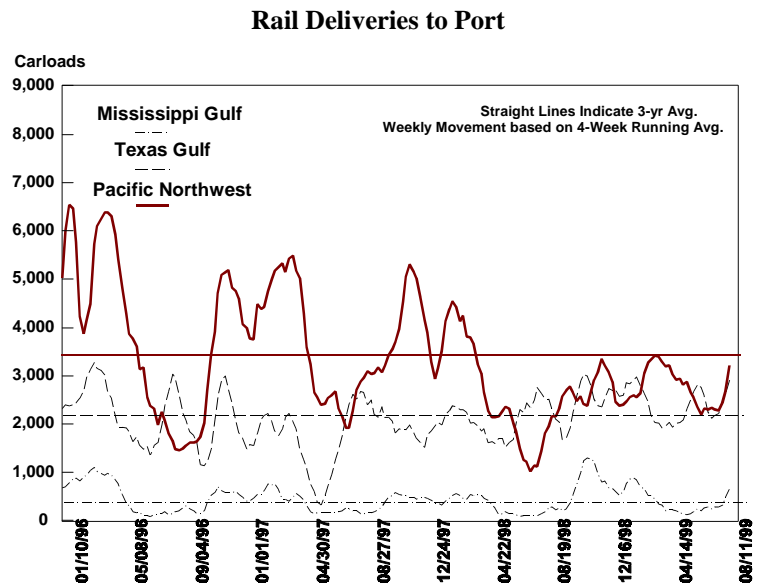
October 1999

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
10/01/99	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
10/01/99	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,977	\$43.84	\$1.19
10/01/99	46540	Wheat	Kansas City, MO	Houston, TX	\$1,550	\$17.09	\$0.47
10/01/99	43586	Wheat	Kansas City, MO	Portland, OR	\$4,133	\$45.56	\$1.24
10/01/99	43581	Wheat	Omaha, NE	Portland, OR	\$3,805	\$41.94	\$1.14
10/01/99	31040	Corn	Minneapolis, MN	Portland, OR	\$2,800	\$30.86	\$0.78
10/01/99	31035	Corn	Kansas City, MO	Portland, OR	\$2,600	\$28.66	\$0.73
10/01/99	31040	Corn	Omaha, NE	Portland, OR	\$2,415	\$26.62	\$0.68
10/01/99	61180	Soybean	Minneapolis, MN	Portland, OR	\$2,880	\$31.75	\$0.86
10/01/99	61180	Soybean	Omaha, NE	Portland, OR	\$2,480	\$27.34	\$0.74
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

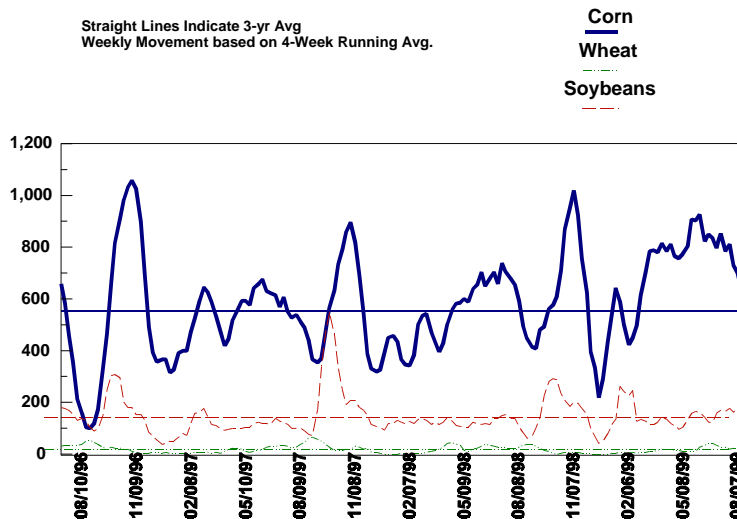
Rail Deliveries to Port				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
09/08/99	448	3,602	3,846	274
09/15/99	1,004	2,892	4,147	674
09/22/99	717	3,405	4,156	300
09/29/99	616	2,980	3,659	467
10/06/99	872*	3,405*	3,803	161
10/13/99	1,481	3,144	4,012	127
YTD 1999	20,740*	107,952	123,536	11,377
YTD 1998	13,394	85,916	107,394	7,488
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147
Source: Transportation & Marketing/AMS/USDA				



Note: *Corrected data.

Barge Movements - Locks 27

1,000 Tons



Barge Grain Movements

for week ending 10/16/99

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	279	23	184	495
Winfield, MO (L25)	472	53	129	665
Alton, IL (L26)	605	59	177	851
Granite City, IL (L27)	609	69	187	876
Illinois River (L8)	103	5	72	180
Ohio (L52)	31	6	21	67
Arkansas (L1)	0	11	7	18
1999 YTD	29,074	2,457	6,634	40,359
1998 YTD	22,626	2,141	5,959	33,047
Total 1998	31,226	2,420	8,866	45,625
Total 1997	29,685	2,689	9,584	45,315

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.
Source: U.S. Army Corp of Engineers

U.S. Export Balances (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
10/14/99	997	437	967	878	197	3,477	7,769	5,888	17,134
This Week Year Ago	1,768	313	1,148	1,435	167	4,831	7,800	7,132	19,763
<u>Cumulative Exports-Crop Year</u>									
98/99 YTD	5,291	1,491	2,057	1,261	360	10,460	6,326	3,133	19,919
97/98 YTD	4,605	899	2,559	1,973	382	10,419	4,840	17,713	32,972
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
10/21/99	310	171	53	202	998	363	153	16	76
1999 YTD	8,174	7,314	778	5,825	29,524	11,042	7,357	539	1,087
1998 YTD *	7,745	3,522	525	4,187	23,237	9,680	5,797	323	671
% of Last Year	75%	167%	120%	115%	94%	74%	101%	96%	78%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

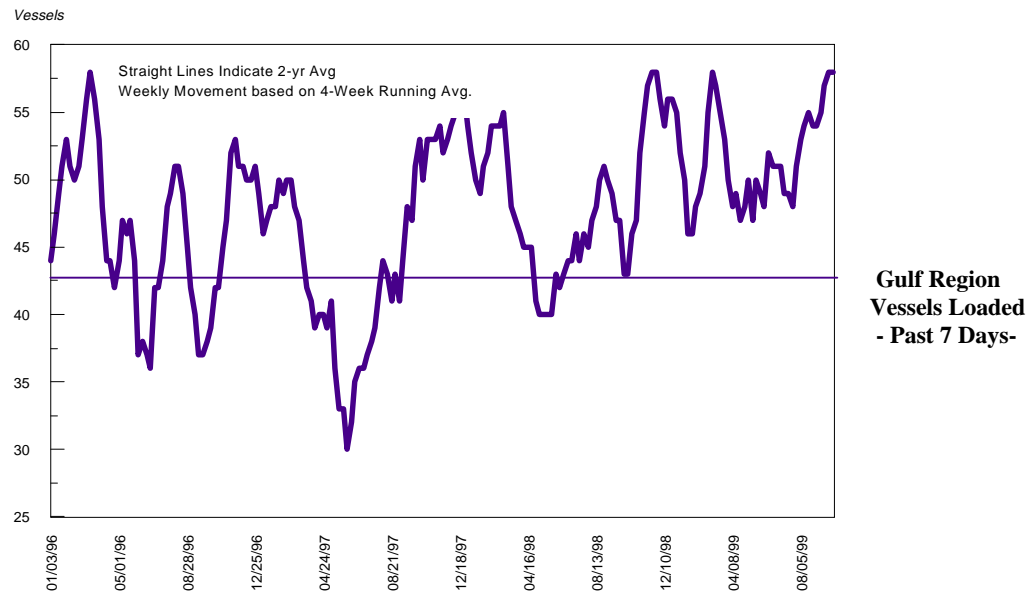
Source: Federal Grain Inspection Service * YTD-Year-to-Date (*98 = 53 week period)

Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 10/21/99			
Vancouver	1,005	319	86
Prince Rupert	69	0	0
Prairie Direct	200	83	62
Thunder Bay	232	83	28
St. Lawrence	652	447	0
1999 YTD Exports	2,158	932	175
1998 YTD Exports	2,182	539	465
% of Last Year	99%	173%	38%

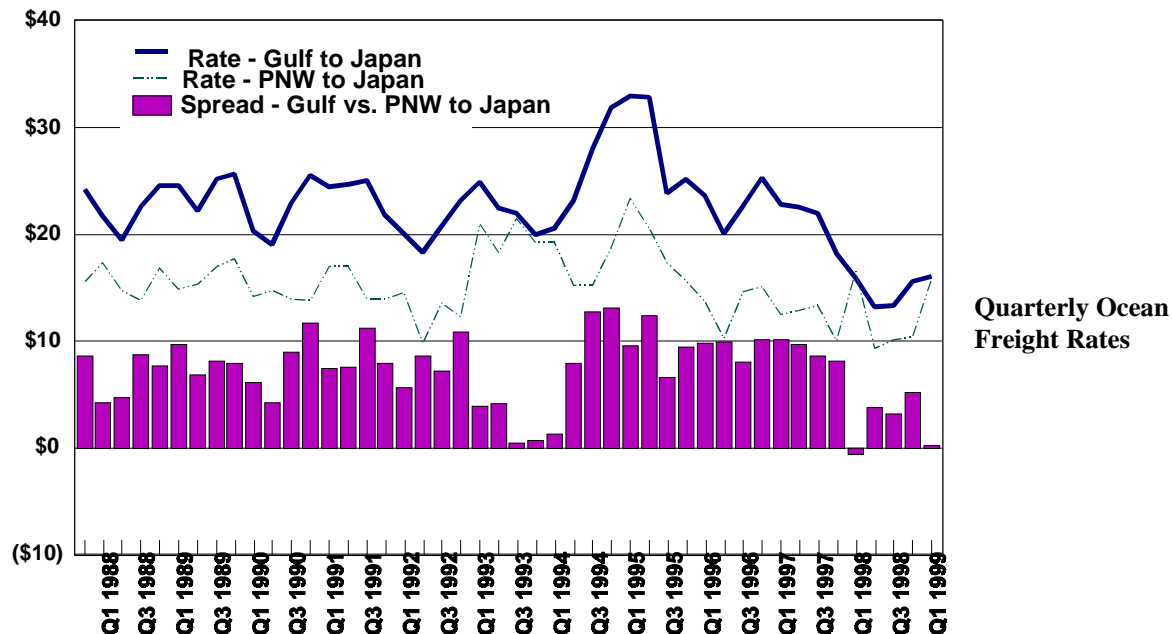
Source: Canadian Grains Commission
YTD-Year-to-Date Crop Year 8/1-7/31


Port Region Ocean Grain Vessels

	Gulf			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
10/14/99	32	63	80	9			5	7	6
10/21/99	31	56	66	18			11	6	4
1998 Range	(19..62)	(34..64)	(40..93)				(1..16)	(3..14)	(0..10)
1997 Range	(11..52)	(25..61)	(31..89)						
1998 Avg	40	48	61				9	9	3
1997 Avg	33	45	58						
1996 Avg	38	46	62						

Source: Transportation & Marketing /AMS/ USDA

US\$/Metric Ton



Quarterly Ocean Freight Rates

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	1999 2 nd Qtr	1998 2 nd Qtr	% Change		1999 2 nd Qtr	1998 2 nd Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$16.08	\$15.93	1%	Japan	\$15.83	\$16.49	-4%
Mexico	\$22.45	\$12.42	81%	Red Sea/ Arabian Sea	\$45.80		
Venezuela	\$13.91	\$12.27	13%				
N. Europe	\$12.28	\$9.36	31%	Argentina to			
N. Africa	\$17.80	\$12.83	39%	N. Europe	\$23.92	\$13.13	82%
				Japan	\$20.82	\$18.55	12%

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates (Select Locations) - week ending 10/23/99

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Thunder Bay (Can.)	Denmark	Wheat	November	15,000/18,000	\$27.00
Duluth	Norway	Corn & Wheat	November	14,000 & 4000	\$26.50
Gulf	Dominican Republic	Corn & Meals	Oct./Nov.	16,000 & 5000	\$12.00
Gulf	Europe	Grains	November	63,000	\$12.30
Gulf	Turkey (Med.)	Heavy Grain	October	20,000/27,000	\$18.50
Gulf	Philippines	Soybeans	Oct./Nov.	55,000	\$20.75
Gulf	Japan	Heavy Grain	December	54,000	\$24.00
PNW	Japan	Heavy Grain	Oct./Nov.	54,000	\$13.50
So. Brazil	Lisbon/Hamburg	Grains	October	30,000	\$16.50
R. Plate/Neco./B.Blanca	Norway	Grains	Prompt	26,000	\$25.00

Source: Maritime Research Inc.